

INTRODUCTION

The Detroit Rescue Mission Ministries entered into contract #TP-97-82010 with the Family Independence Agency (FIA) to provide Transitional Housing, Daily Living Skills Training, Employment and Education Assistance, Case Management, and Discharge Planning/After Care Services for the Teen Parent Program. Funds for this program are distributed through the Supportive Housing Program, Community Planning and Development, Department of Housing and Urban Development (HUD). The Supportive Housing Program (SHP) is designed to promote the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness, and to enable them to live as independently as possible. We performed an audit of the Teen Parent Program for the period April 1, 1998 through October 31, 1999.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The purpose of our audit was to determine if the Detroit Rescue Mission Ministries' billings to FIA were accurate, if the costs billed to FIA were necessary, reasonable, and proper, and if the case files contained the documentation required by the contract. In addition we also reviewed and evaluated the internal controls over the funds paid to the FIA clients.

EXECUTIVE SUMMARY

Based on our audit, we conclude that Detroit Rescue Mission Ministries' billings were accurate, except that administrative salaries were billed in the Miscellaneous line item instead of the Salaries and Wages line item. We concluded that the costs billed were necessary, reasonable and proper. Our report recommends that the Field Operations Administration (FOA) allow Detroit Rescue Mission Ministries to request a retroactive budget amendment to reduce the budgeted amount for the Miscellaneous line item and increase the Salaries and Wages line item

for the administrative salaries, and to correct their billings to bill them under the Salaries and Wages line item.

We also concluded that the Detroit Rescue Mission Ministries did not have the bed capacity that was required by the contract. Our report also recommends that FOA require Detroit Rescue Mission Ministries to increase the bed capacity to bring them in compliance with the terms of the contract.

Our findings and recommendations follow.

AUDITEE RESPONSE

Detroit Rescue Mission Ministries did not respond to our draft report.

FINDINGS AND RECOMMENDATIONS

Administrative Salaries

1. Detroit Rescue Mission Ministries allocated a portion of the Vice President of Programs and Treatment's salary to the TP contract as an administrative indirect cost. The amount billed was within the guidelines defined by HUD. However, Detroit Rescue Mission Ministries budgeted and billed this expense in the Miscellaneous expense item. Since these costs were salaries they should have been budgeted and billed in the Salaries and Wages line item.

WE RECOMMEND that the Field Operations Administration process a retroactive budget amendment to move the administrative salaries expense from the Miscellaneous line item to the Salaries and Wages line item, and have Detroit Rescue Mission Ministries correct their billings to properly charge the administrative salaries to the Salaries and Wages line item.

Transitional Housing

2. At the time of our audit the Detroit Rescue Mission Ministries maintained 8 teen parent beds and 8 child beds for transitional housing. The contract states that the contractor shall maintain a minimum of 15 teen parent beds and 15 child beds to provide transitional housing and support services to FIA referred clients.

WE RECOMMEND that the Field Operations Administration require the Detroit Rescue Mission Ministries to increase the teen parent and child beds to bring them into compliance with the terms of the contract.

Client Funds

3. Our review of the records and procedures related to maintenance of accounts for client funds disclosed no discrepancies or weaknesses in procedures.

Case File Review

4. We reviewed selected case files for the audit period, and determined that the selected case files contained the documentation that is required by the contract.